

***Terrebonne Parish Sales and Use Tax Department***

***Houma, Louisiana***

***For the year ended December 31, 2010***

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/27/11

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For the year ended December 31, 2010

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**FINANCIAL SECTION**



Bourgeois Bennett

## **INDEPENDENT AUDITOR'S REPORT**

To the Sales and Use Tax Advisory Board,  
Terrebonne Parish Sales and Use Tax Department,  
Houma, Louisiana.

We have audited the accompanying financial statements of the governmental activities, the General Fund and the Fiduciary Fund of the Terrebonne Parish Sales and Use Tax Department (the Department), State of Louisiana, a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2010, which collectively comprise the Department's financial statements as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund and the Fiduciary Fund of Terrebonne Parish Sales and Use Tax Department as of December 31, 2010, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 25, 2011 on our consideration of the Terrebonne Parish Sales and Use Tax Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Schedule of Funding Progress for the OPEB Plan on pages 3 through 8 and 31, respectively, are not required parts of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
April 25, 2011.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Terrebonne Parish Sales & Use Tax Department**

The Management's Discussion and Analysis of the Terrebonne Parish Sales & Use Tax Department's (the Department) financial performance presents a narrative overview and analysis of the Department's financial activities for the year ended December 31, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

The Department's liabilities exceeded its assets at the close of fiscal year 2010 by \$111,198 (net assets (deficit)), which represents a 83.55% decline from the last fiscal year.

The Department is operated on a reimbursement basis with proceeds from the collection of Terrebonne Parish Sales Taxes. Differences between revenues and expenses result from the reimbursement of purchases of capital assets, depreciation of capital assets and changes in long-term obligations compensated absences payable and other postemployment benefits. For the year ended December 31, 2010, revenues decreased \$59,092 (or 4.89%) primarily due to decreases in reimbursements for expenses. Expenses decreased \$19,273 (or 1.58%) primarily due to decreases in supplies and materials and other services and charges.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Department's financial statements. The Department's annual report consists of four parts: (1) management's discussion and analysis (this section) (2) financial statements (3) supplementary information and (4) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the Department:

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Department's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the Department's assets and liabilities, with the difference between the two reported as net assets (deficit). Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating. The statement of activities presents information showing how the Department's net assets changed during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activities of the Department are collecting local sales and use taxes, hotel/motel taxes, issuing occupational licenses and local bingo permits.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Department maintains two types of funds, governmental and fiduciary fund types.

#### ***Governmental Fund***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Department maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The Department adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found in pages 9 through 13 of this report.

#### ***Fiduciary Fund***

Fiduciary Funds are used to account for resources held for the benefit of parties outside the Department. While these funds represent a trust responsibility, these assets are restricted in purpose and do not represent assets of the Department. Therefore, these assets are not presented as part of the government-wide financial statements. The Statement of Fiduciary Fund can be found on page 14 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit G of this report.



## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Statement of Net Assets reported in page 9 presents information on all the Department's assets and liabilities, with the difference between the two reported as net assets (deficit). As noted earlier, a deficit exists because the Department is not reimbursed for long-term obligations until those obligations are paid. As of December 31, 2010, liabilities exceeded assets by \$111,198. A large portion of the Department's net assets (deficit), \$22,773, reflect its investment in capital assets (e.g., office furniture, fixtures and equipment) less accumulated depreciation. Consequently, these net assets are not available for future spending.

Other liabilities associated with the Department are accounts payable and accrued expenditures. Accounts payable and accrued expenditures include fees for contract auditors, payroll liabilities and other various expenses.

### **Condensed Statements of Net Assets**

	December 31,		Dollar
	2010	2009	Change
Current and other assets	\$ 46,066	\$ 57,572	\$ (11,506)
Capital assets	22,773	19,760	3,013
Total assets	<u>68,839</u>	<u>77,332</u>	<u>(8,493)</u>
Long-term liabilities outstanding	133,971	80,341	53,630
Other liabilities	46,066	57,572	(11,506)
Total liabilities	<u>180,037</u>	<u>137,913</u>	<u>42,124</u>
Net Assets:			
Invested in capital assets	22,773	19,760	3,013
Unrestricted (deficit)	(133,971)	(80,341)	(53,630)
Total net assets (deficit)	<u>\$ (111,198)</u>	<u>\$ (60,581)</u>	<u>\$ (50,617)</u>

### **Governmental Activities**

Governmental activities decreased the Department's net assets (deficit) by \$50,617. The primary cause for this is the unreimbursed adjustments to convert the governmental fund financial statements to the government-wide financial statements. Reimbursements for these costs occur in the period the costs are paid.

### Condensed Changes in Net Assets

	For the years ended December 31,		Dollar Change	Total Percent Change
	2010	2009		
<b>Revenues:</b>				
Charges for services	\$ 1,142,781	\$ 1,201,638	\$ (58,857)	-4.90%
Licenses	7,000	7,200	(200)	-2.78%
Miscellaneous - other	181	216	(35)	-16.20%
Total revenues	1,149,962	1,209,054	(59,092)	-4.89%
<b>Expenses:</b>				
General government	1,200,579	1,219,852	(19,273)	-1.58%
Decrease in net assets	(50,617)	(10,798)	(39,819)	-368.76%
Net assets beginning of year	(60,581)	(49,783)	(10,798)	21.69%
Net assets (deficit) end of year	<u>\$ (111,198)</u>	<u>\$ (60,581)</u>	<u>\$ (50,617)</u>	83.55%

The Department's decrease in revenue was based on the decrease in expenses. The Department's revenues represent transfers of sales and use tax proceeds from its Agency Fund to pay operating expenses of the Department.

On Exhibit C, the Department's expenses fall into five (5) categories: personal services; supplies and materials; other services and charges; repairs and maintenance; and depreciation. Of the five categories, personal services make up the largest of expenses at approximately fifty-two percent (52%). Personal services, which includes salaries and related benefits, increased by \$74,433 in comparison with 2009. This increase was primarily due to an increase in other post employment benefits. The next highest expense category is other services and charges, this category, which includes such expenses as contract auditing fees, legal fees, insurance, machine rentals, software technology services, office rent, telephone, and miscellaneous expenses, is responsible for \$521,229 or approximately forty-three percent (43%) of total expenses for the year ended December 31, 2010. Other services and charges decreased \$83,553 during the year ended December 31, 2010 largely due to decreases in contract audit fees. The remaining expenses include supplies and materials, repairs and maintenance and depreciation. These expenses accounted for approximately five percent (5%) of total expenses in the year ended December 31, 2010.

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Department uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## **Governmental Funds**

The focus of the Department's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Department's financing requirements. The General Fund is the chief operating fund of the Department. It is used to account for all financial resources except those that are required to be accounted for in another fund.

### **General Fund Budgetary Highlights**

The Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual (Exhibit E) for the General Fund displays the original budget, final budget and actual amounts in columns with a variance column showing the favorable or (unfavorable) difference of the actual and the final budget. The budget was amended twice during the year.

The major differences between the original General Fund budget and the final amended budget were as follows:

- Charges for services were increased due to additional attorney fees incurred relating to protest tax cases.
- Capital expenditures were increased due to additional capital outlay purchases.
- Supplies and materials were decreased due to more taxpayers using electronic filing and computer generated forms.

A favorable expenditure variance of \$175,798 was primarily due to less personal service expenses and other services and charges than planned. Since the Department is an expenditure driven entity with expenditures fully reimbursed, revenues report an unfavorable variance equal to that of expenditures.

## **CAPITAL ASSETS**

### **Capital Assets**

The Department's investment in capital assets for its governmental activities as of December 31, 2010, amounts to \$22,773 (net of accumulated depreciation). This investment in capital assets includes office furniture, fixtures and equipment (see table below).

	<u>2010</u>	<u>2009</u>
Office furniture, fixtures and equipment	\$ 140,917	\$ 133,612
Less accumulated depreciation	<u>118,144</u>	<u>113,852</u>
Total capital assets, net	<u>\$ 22,773</u>	<u>\$ 19,760</u>

Additional information on the Department's capital assets can be found in the Note 3, Exhibit G of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Department considered the following factors and indicators when setting next year's budget. These factors and indicators include:

- The Department has decreased postage expenses due to more taxpayers filing their sales taxes electronically.
- A decrease in office machine rentals and software technology services of \$8,200 to reflect less information technology services expected in the next fiscal year.
- The Department has increased attorney fees due to more legal expenses expected.
- An increase in bank charges to reflect an increase in electronic filing.
- Capital expenses include \$8,000 to replace a copier and laser printer.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Department's finances for all those with an interest in the Department's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Christa M. Lagarde, Director, Terrebonne Parish Sales Tax Department, P.O. Box 670, Houma, LA 70361.

**STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUND BALANCE SHEET**

**Terrebonne Parish Sales and Use Tax Department**

December 31, 2010

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash	\$ 46,066		\$ 46,066
Capital assets:			
Depreciable, net of accumulated depreciation	<u>-</u>	<u>\$ 22,773</u>	<u>22,773</u>
Total assets	<u>\$ 46,066</u>	<u>22,773</u>	<u>68,839</u>
<b>Liabilities</b>			
Accounts payables and accrued expenditures	\$ 45,756	-	45,756
Due to Terrebonne Parish Consolidated Government	310	-	310
Long-term liabilities:			
Due in more than one year	<u>-</u>	<u>133,971</u>	<u>133,971</u>
Total liabilities	46,066	<u>133,971</u>	<u>180,037</u>
<b>Fund Balances/Net Assets</b>			
Fund balance - undesignated	<u>-</u>		
Total liabilities and fund balances	<u>\$ 46,066</u>		
<b>Net assets:</b>			
Invested in capital assets		22,773	22,773
Unrestricted (deficit)		<u>(133,971)</u>	<u>(133,971)</u>
Total net assets (deficit)		<u>\$ (111,198)</u>	<u>\$ (111,198)</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

**Terrebonne Parish Sales and Use Tax Department**

December 31, 2010

**Fund Balances - Governmental Fund**

\$ -

Amounts reported for governmental activities  
in the statement of net assets are different because:

Capital assets used in governmental activities  
are not financial resources and, therefore, are  
not reported in the governmental fund.

Governmental capital assets	\$ 140,917	
Less accumulated depreciation	<u>(118,144)</u>	22,773

Long-term liabilities are not due and payable  
in the current period and therefore are not  
reported in the governmental fund.

Other postemployment benefit obligation	\$ (96,019)	
Compensated absences payable	<u>(37,952)</u>	<u>(133,971)</u>

**Net Assets (Deficit) of Governmental Activities**

**\$ (111,198)**

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

**Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2010

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Charges for services	\$ 1,142,781		\$ 1,142,781
Licenses	7,000		7,000
Miscellaneous - other	181		181
	<u>1,149,962</u>		<u>1,149,962</u>
<b>Expenditures/Expenses</b>			
Current:			
General government:			
Personal services	567,950	\$ 53,630	621,580
Supplies and materials	41,320	-	41,320
Other services and charges	521,229	-	521,229
Repairs and maintenance	9,384	-	9,384
Depreciation	-	7,066	7,066
	<u>1,139,883</u>	60,696	1,200,579
Capital outlay	10,079	(10,079)	-
	<u>1,149,962</u>	50,617	1,200,579
<b>Excess of Revenues Over Expenditures</b>	-	-	-
<b>Change in Net Assets</b>	-	(50,617)	(50,617)
<b>Fund Balance/Net Assets (Deficit)</b>			
Beginning of year	-	(60,581)	(60,581)
End of year	<u>\$ -</u>	<u>\$ (111,198)</u>	<u>\$ (111,198)</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL  
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE TO THE STATEMENT OF ACTIVITIES**

**Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2010

**Net Change in Fund Balance - Governmental Fund** **\$ -**

Amounts reported for governmental activities in  
the statement of activities are different because:

Governmental funds report capital outlays as  
expenditures. However, in the statement of  
activities the cost of those assets is allocated  
over their estimated useful lives and reported  
as depreciation expense.

Capital outlay	\$ 10,079	
Depreciation expense	<u>(7,066)</u>	3,013

Some expenses reported in the statement of activities  
do not require the use of current financial resources  
and, therefore, are not reported as expenditures in  
governmental fund.

Increase in other postemployment benefits	\$ (51,671)	
Increase in compensated absences payable	<u>(1,959)</u>	<u>(53,630)</u>

**Change in Net Assets of Governmental Activities** **\$ (50,617)**

See notes to financial statements.



**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND**

**Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<b>Revenues</b>				
Charges for services	\$ 1,307,810	\$ 1,317,810	\$ 1,142,781	\$ (175,029)
Licenses	7,200	7,200	7,000	(200)
Miscellaneous - other	750	750	181	(569)
<b>Total revenues</b>	<u>1,315,760</u>	<u>1,325,760</u>	<u>1,149,962</u>	<u>(175,798)</u>
<b>Expenditures</b>				
Current:				
General government:				
Personal services	642,435	642,435	567,950	74,485
Supplies and materials	54,775	52,575	41,320	11,255
Other services and charges	599,650	609,650	521,229	88,421
Repairs and maintenance	11,000	11,000	9,384	1,616
Capital outlay	7,900	10,100	10,079	21
<b>Total expenditures</b>	<u>1,315,760</u>	<u>1,325,760</u>	<u>1,149,962</u>	<u>175,798</u>
<b>Excess of Revenues Over</b>				
<b>Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**STATEMENT OF FIDUCIARY FUND****Terrebonne Parish Sales and Use Tax Department**

December 31, 2010

	<u>Agency Fund</u>
<b>Assets</b>	
Cash	\$ 8,467,028
Taxes receivable	<u>10,272,508</u>
Total assets	<u>\$ 18,739,536</u>
<b>Liabilities</b>	
Refundable taxes	\$ 364,483
Accounts payables and accrued expenditures	3,721
Taxes paid under protest and interest	290,017
Due to other governmental units:	
Terrebonne Parish School Board	8,126,801
Terrebonne Parish Consolidated Government	5,881,948
Terrebonne Parish Consolidated Government - Library	975,216
Terrebonne Parish Consolidated Government - Levee District	975,216
Terrebonne Parish Sheriff	1,950,432
Houma Area Convention & Visitors Bureau	<u>171,703</u>
Total liabilities	<u>\$ 18,739,537</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**Terrebonne Parish Sales and Use Tax Department**

December 31, 2010

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Terrebonne Parish Sales and Use Tax Department was created October 14, 1964, in compliance with Act 500 of 1964, of the State of Louisiana. The Sales and Use Tax Department administers the collection and distribution of the approved 4.50% sales tax, hotel/motel tax, occupational licenses and bingo permits.

Tax collections, after deducting operating expenses, are distributed in the month following receipt. The first levy of 1% made in 1964 is divided between the Terrebonne Parish School Board, which receives 33%, and the Terrebonne Parish Consolidated Government, which receives 67%. There were two levies made for a total 1% in 1976 which the Terrebonne Parish School Board receives 75%, and the Terrebonne Parish Consolidated Government receives 25%. The 1/4% levy effective January 1, 1987 is remitted to the Terrebonne Parish Law Enforcement District. The two 1/4% levies effective January 1, 1993 are remitted to the Terrebonne Parish Consolidated Government with 1/4% dedicated to Drainage and 1/4% dedicated to Roads and Bridges. The 1% levy effective July 1, 1996 is remitted to the Terrebonne Parish School Board. The 1/4% levy effective October 1, 1997 is remitted to the Terrebonne Parish Law Enforcement District. The 1/4% levy effective July 1, 1998 is remitted to the Terrebonne Parish Consolidated Government which is dedicated to the Library System. The 1/4% levy effective July 1, 2002 is remitted to the Terrebonne Parish Consolidated Government, which is dedicated to be used as matching funds for the Terrebonne Levee and Conservation District's Morganza-to-the-Gulf Project. The Hotel/ Motel tax of 4% is remitted solely to the Houma Area Convention and Visitors Bureau.

The accounting policies of the Terrebonne Parish Sales and Use Tax Department (the Department) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Reporting Entity**

The Department is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2010.

GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14* established the criterion for determining which component units should be considered part of the Department for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Department and the potential component unit.
4. Imposition of will by the Department on the potential component unit.
5. Financial benefit/burden relationship between the Department and the potential component unit.

The Department has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

**b) Basis of Presentation**

The Department's financial statements consist of the government-wide statements on all of the non-fiduciary activities of the Department and the governmental fund financial statements.

**Government-wide Financial Statements:**

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Department. The government-wide presentation focuses primarily on the sustainability of the Department as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities of the Department generally are financed through intergovernmental revenues reported as charges for services.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Basis of Presentation (continued)**

**Fund Financial Statements:**

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily accounts and operations of the Department continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds of the Department are grouped, into generic fund types and two broad categories as follows:

Governmental activities presented as governmental funds in the fund financial statements:

**General Fund** - The General Fund is the general operating fund of the Department. It is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund is always a major fund.

**Fiduciary Fund:**

**Agency Fund** - This fund is used to account for assets that the Department holds for others in an agency capacity. Since by definition these assets are being held for the benefit of others and cannot be used to address activities or obligations of the Department, this fund is not incorporated into the governmental-wide statements.

**c) Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Government-wide Financial Statements:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Measurement Focus and Basis of Accounting (continued)**

**Fund Financial Statements:**

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the Department considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Charges for services of collection and distribution of sales taxes are considered "measurable" when the related sales taxes are in the hands of the merchants and are recognized as revenue at that time. Licenses and miscellaneous revenues are recorded as revenues when received in cash by the Department because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is accumulated unpaid vacation and sick pay which is recognized when paid. Allocations of cost such as depreciation are not recognized in the governmental funds.

Agency Funds are unlike all other types of funds, reporting only assets and liabilities. Therefore agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

**d) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Operating Budgetary Data**

The Department establishes the budgetary data reflected in the financial statements as follows:

The Director submits to the members of the Sales and Use Tax Advisory Board a proposed operating budget for the year commencing the following January 1. The public hearings and advertisements, which are required by state law, are conducted prior to approval by the Advisory Board. The budget is then submitted to the Parish Council. All actions necessary to adopt and otherwise finalize and implement the budget for an ensuing year are taken prior to the end of the year in progress. Any amendment involving the transfer of monies from one department to another or from one program or function to another or any other increases in expenditures exceeding amounts estimated must be approved by the Advisory Board. The Department amended its budget twice during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The budget for the General Fund is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the financial statements.

**f) Accounts Receivable**

The financial statements of the Department contain no allowance for uncollectible accounts. Uncollectible amounts due for receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the funds.

**g) Capital Assets**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

**Government-wide Financial Statements:**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g) Capital Assets (continued)**

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful life of assets (furniture and fixtures) is 5-20 years.

**Fund Financial Statements:**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**h) Non-Current Liabilities**

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements.

**Government-wide Financial Statements:**

All non-current liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. Non-current liabilities consist of accrued compensated absences: vacation and sick leave.

**Fund Financial Statements:**

Non-current liabilities for governmental funds are not reported as liabilities in the fund financial statements.

**i) Vacation and Sick Leave**

Employees of the Department can earn twelve or seventeen days per year vacation leave, depending on their length of employment.

All employees are required to take vacation within one year of being earned. Any unused vacation remaining on the employee's anniversary date will be transferred to sick leave. In the event the employee is terminated or resigns, all vacation leave not transferred to sick leave will be paid to them.



**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Vacation and Sick Leave (continued)**

Employees of the Department earn seven days of sick leave per year. Upon official retirement from the Parochial Retirement System, the retiring employee will be allowed to receive half of whatever accumulated sick leave time has accrued, up to a maximum of 30 days, by leaving work early and remaining on the payroll until the 30 days are exhausted.

The liability for vacation and sick leave is recorded as a non-current liability in the government-wide statements. In the fund financial statements, governmental funds report only the vacation and sick leave liability payable from expendable available financial resources, accordingly no significant compensated absences liability is recorded at December 31, 2010.

**j) Fund Equity**

Government-wide Statements:

Equity is classified as net assets and may be displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. At December 31, 2010, the Department did not report any borrowings.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Department’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2010 and for the year then ended, the Department did not have or receive restricted net assets.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j) Fund Equity (continued)**

**Fund Financial Statements:**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**Note 2 - DEPOSITS**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper or domestic corporations.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$8,552,799</u>	<u>\$8,513,094</u>

Custodial credit risk is the risk that in the event of a bank failure, the Department's deposits may not be returned to it. The Department has a written policy for custodial credit risk, which reflects state law. As of December 31, 2010, \$8,279,638 of the Department's bank balance of \$8,552,799 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Department's name.

At December 31, 2010, cash in excess of the FDIC insurance was collateralized by securities held by an unaffiliated bank for the account of the Department. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana

**Note 2 - DEPOSITS (Continued)**

Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

A reconciliation of deposits as shown on the Statement of Net Assets and Governmental Fund Balance Sheet is as follows:

Book balance	\$ 8,513,094
Less cash reported in the Statement of Fiduciary Fund	<u>(8,467,028)</u>
Cash - Statement of Net Assets and Governmental Fund Balance Sheet	<u>\$ 46,066</u>

**Note 3 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Capital assets being depreciated:				
Office furniture, fixtures and equipment	\$ 133,612	\$ 10,079	\$ (2,774)	\$ 140,917
Less accumulated depreciation for:				
Office furniture, fixtures and equipment	<u>(113,852)</u>	<u>(7,066)</u>	<u>2,774</u>	<u>(118,144)</u>
Total capital assets, net	<u>\$ 19,760</u>	<u>\$ 3,013</u>	<u>\$ -</u>	<u>\$ 22,773</u>

**Note 4 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES**

Accounts payable and accrued expenditures at December 31, 2010 consisted of the following:

	General Fund	Agency Fund	Total
Vendors	\$ 25,162	\$ 3,721	\$ 28,883
Salaries and benefits	<u>20,594</u>	<u>-</u>	<u>20,594</u>
 Totals	 <u>\$ 45,756</u>	 <u>\$ 3,721</u>	 <u>\$ 49,477</u>

**Note 5 - NON-CURRENT LIABILITIES**

Non-current liabilities consist of accumulated unpaid vacation and sick leave. The following is a summary of changes in the non-current liabilities of the Department for the year ended December 31, 2010:

	Payable January 1, 2010	Increase/ Earned	Decrease/ Used	Payable December 31, 2010
Accumulated unpaid annual leave	\$ 35,993	\$ 24,345	\$ 22,386	\$ 37,952
Other post employment benefits	<u>44,348</u>	<u>52,896</u>	<u>1,225</u>	<u>96,019</u>
Totals	<u>\$ 80,341</u>	<u>\$ 77,241</u>	<u>\$ 23,611</u>	<u>\$ 133,971</u>

**Note 6 - POSTEMPLOYMENT HEALTHCARE BENEFITS**

**Plan Description**

The Department administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums for eligible employees, retirees and their dependents as approved by the Terrebonne Parish Council. The Department funds the entire premium for all benefits on all employees. For employees retiring before January 1, 2005 the Department funded the premiums for employees retiring with at least ten years of service upon retiring from the formal retirement systems and will participate in the cost at the applicable single rates.

**Note 6 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

Department employees retiring with at least ten years of permanent full-time creditable service with the Department shall be eligible to participate in the Plan approved by the Parish Council under the following vesting schedule as adopted for retirements on or after January 1, 2005: 11 to 15 years of service, 2.75% per year; 16 to 20 years of service, 41.25% plus 3.75% per year of service between 16 and 20; 21 years or more of service, 60% plus 5% per year of service over 20, limited to 85% of the premium. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. To be eligible for coverage after retirement, retired employees must be eligible for retirement under the Parochial Employees' Retirement System, see Note 7. The Department does not issue a publicly available financial report on the Plan.

**Funding Policy**

The Department fully funds required premiums based on pay-as-you-go financing requirements. For fiscal year 2010, the Department paid \$26,427 for the retirees' current year premiums.

**Annual OPEB Cost and Net OPEB Obligation**

In fiscal year 2010, the Department recognized a net other postemployment benefit (OPEB) obligation for covered postemployment healthcare benefits in accordance with the provisions of GASB Statement No. 45, *Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). GASB 45 was implemented prospectively with zero net obligation at transition. The Department's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The table on the following page shows the components of the Department's annual OPEB cost for the transition year, the premiums actually paid and the Department's net OPEB obligation.

**Note 6 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

Annual required contributions (ARC)	\$ 44,805
Interest on net OPEB obligation	2,351
Adjustments to ARC	5,770
Annual OPEB cost (expense)	<u>52,926</u>
 Premiums paid	 (26,427)
Adjustments	25,172
Contributions made	<u>(1,255)</u>
 Increase in net obligation	 51,671
 Balance - beginning of the year	 <u>44,348</u>
 Balance - end of the year	 <u>\$ 96,019</u>

The Department's annual OPEB cost, the percentage of annual OPEB premiums paid, and the net OPEB obligation as of December 31, 2010 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$ 46,127	51.9%	\$ 44,764
12/31/2009	\$ 17,825	102.3%	44,348
12/31/2010	\$ 51,671	2.4%	96,019

**Funded Status and Funding Progress**

As of January 1, 2010, the most recent actuarial valuation date, the unfunded actuarial accrued liability (UAAL) was \$903,278. Covered payroll for eligible employees was \$329,935 and the total UAAL represents 273.8 percent of covered payroll.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Note 6 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

**Actuarial Methods and Assumptions**

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and eligible employees and retirees) and include the types of benefits provided at the time of each valuation and on the historical pattern of sharing benefit costs between the employer and eligible employees and retirees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

In the January 1, 2010, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (discount rate), a 3.0 percent expected increase in payroll and annual medical cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after nine years. The annual dental cost trend was initially 5.5 percent, reduced by decrements to an ultimate rate of 3.5 percent after nine years. Zero trend were assumed for valuing life insurance. Other assumptions include (1) expenses per participant per month are expected to increase with inflation at 3 percent per annum, (2) 65 percent of employees will choose to continue basic life insurance benefits, (3) family coverage includes a spouse and no children, and (4) male spouses are three years older than females. The UAAL is being amortized over an open 30 year period using the level percent of payroll method with an assumption that payroll increases by 3 percent per year. The remaining amortization period at January 1, 2010 was 27 years.

**Note 7 - DEFINED BENEFIT PENSION PLAN**

**Plan Description** - The Department contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan.

The system is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

**Note 7 - DEFINED BENEFIT PENSION PLAN (Continued)**

**Funding Policy** – Plan members are required to contribute 3% of their annual covered salary and the Department is required to contribute at an actuarially determined rate. The Department's current rate increased from 6.25% to 10% of annual payroll. In addition, the System also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the Department are established and may be amended by state statute. The Department's contributions to the System for the years ending December 31, 2010, 2009, and 2008 were \$34,861, \$21,395, and \$19,504, respectively, equal to the required contributions for each year.

**Note 8 - COMPENSATION OF ADVISORY BOARD**

The Department did not pay per diem to any of its Board Members in 2010.

**Note 9 - RELATED PARTY RENTS AND FEES**

The building housing the Department's office space is owned by the Parish. The lease term is January 1, 2010 to December 31, 2012.

The minimum annual commitments under cancelable operating leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2011	34,079
2012	34,079
	<u>\$ 68,158</u>

Rental expenditures incurred for the office space with the Parish amounted to \$34,494 during the year ended December 31, 2010. Also, the Department incurred data processing fees with the Parish in the amount of \$24,236 for the year ended December 31, 2010.



**Note 10 - RISK MANAGEMENT**

The Department is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the Department carries commercial insurance and also participates in the Parish's risk management program for general liability, workers' compensation and group insurance. No settlements were made during the year that exceeded the Department's insurance coverage. The Department pays monthly premiums to the Parish for general liability based on various factors such as its operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The Parish handles all claims filed against the Department for which it has insurance coverage under the Parish.

The Department could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,500,000
Workers' Compensation	Statutory

The Parish is self-insured for the first \$125,000 of each claim related to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2009 was \$11,482,586. Insurance contracts cover the excess liability, up to \$1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims limit of \$1,000,000. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal service fund, \$5,927,746 at December 31, 2009, then secondly by the Department or the employee for individual claims in excess of \$1,000,000. Coverage for general liability and workers' compensation claim liabilities are to be funded first by assets of the Parish's risk management internal service fund, \$2,874,828 at December 31, 2009, then secondly by the Department. At December 31, 2010, the Department had no claims in excess of the above coverage limits. Total premiums paid to the Parish for insurance coverages during the year ended December 31, 2010 totaled \$174,311.

**Note 11 - COMMITMENTS AND CONTINGENCIES**

Certain taxpayers request refunds of tax and interest paid under protest. The aggregate of taxes and interest paid under protest at December 31, 2010 amounted to \$290,017. The amounts paid under protest are reported as liabilities in the financial statements of the Fiduciary Fund at December 31, 2010.

**Note 11 - COMMITMENTS AND CONTINGENCIES (Continued)**

During 2009, the Department received a claim for the overpayment of approximately \$150,000 in sales taxes for the period from January 2005 through July 2008 from a certain taxpayer on the basis that the sales are exempt under Federal Medicare regulations. In January 2010, the Department denied the claim for the refund following a hearing. The taxpayer has filed a lawsuit in March 2010 against the Department for the refund. Counsel advises the Department that the matter has not entered formal discovery and it is too early to predict an outcome. Management intends to vigorously contest the lawsuit and in March 2010, the Department retained outside counsel in this matter.

In addition, a certain taxpayer has filed suit seeking redetermination of sales taxes assessed for the period December 1, 2003 through December 30, 2007 on the basis that the sales were exempt under LSA-R.S. 47:305.1, which provides for an exemption from sales and use tax for certain materials, equipment, and machinery that become component parts of barges.

**Note 12 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through April 25, 2011 which is the date the financial statements were available to be issued.

In 2011, a taxpayer requested a refund of approximately \$495,000 in sales taxes paid during the period 2007 through 2010. The taxpayer has not filed suit, and the Department has agreed with the claim for amounts requested for years 2008, 2009 and 2010. A payable for refundable taxes in the amount of \$364,483 has been recorded in the Agency Fund for those years. The department is currently investigating the validity of the taxpayer's request from the year 2007. Management believes the ultimate settlement of the 2007 claim will not have a material effect on the operations of the Department, or on the fiduciary fund and has not provided for a settlement liability. The effects of the ultimate settlement, if any, have been or will be passed through to the taxing bodies described in Note 1.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS FOR THE OPEB PLAN****Terrebonne Parish Sales and Use Tax Department**

December 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as of Percentage of Covered Payroll ((b-a)/c)
1/1/2007	\$ -	\$ 944,061	\$ 944,061	0.00%	\$ 308,381	306.1%
1/1/2008	-	403,861	403,861	0.00%	283,879	142.3%
1/1/2010	-	903,278	903,278	0.00%	329,935	273.8%

## **SUPPLEMENTARY INFORMATION SECTION**



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION**

To the Sales and Use Tax Advisory Board,  
Terrebonne Parish Sales and Use Tax Department,  
Houma, Louisiana.

Our report on our audit of the financial statements of Terrebonne Parish Sales and Use Tax Department (the Department) for the year ended December 31, 2010, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in the schedule of other services and charges-budget and actual, schedule of cash receipts and disbursements Parish Sales Tax Fund, schedule of governmental fund expenditures and graph of governmental fund expenditures for the year ended December 31, 2010 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements for the year ended December 31, 2010, taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the governmental balance sheets and statement of fiduciary fund of Terrebonne Parish Sales and Use Tax Department as of December 31, 2009, 2008, 2007, and 2006, and the related statements of governmental fund revenues, expenditures and changes in fund balance for each of the four years in the period ended December 31, 2009 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in the schedule of governmental expenditures and graph of expenditures for the years ended December 31, 2009, 2008, 2007, and 2006 is fairly stated in all material respects in relation to the financial statements from which it has been derived.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
April 25, 2011.

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**SCHEDULE OF OTHER SERVICES AND CHARGES**  
**BUDGET AND ACTUAL**

**Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Auditing services	\$ 450,000	\$ 450,000	\$ 376,033	\$ 73,967
Auto and travel	10,500	10,500	5,198	5,302
Insurance	28,650	28,650	27,882	768
Legal fees:				
Attorneys	31,500	41,500	39,841	1,659
Attorney revenue fees	(5,000)	(5,000)	(2,696)	(2,304)
Office machine rentals	30,000	30,000	12,703	17,297
Software technology services	-	-	10,604	(10,604)
Office rent	34,100	34,100	34,494	(394)
Other	13,900	13,900	11,611	2,289
Telephone	6,000	6,000	5,559	441
Totals	<u>\$ 599,650</u>	<u>\$ 609,650</u>	<u>\$ 521,229</u>	<u>\$ 88,421</u>

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**  
**PARISH SALES TAX FUND**

**Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2010, 2009, 2008, 2007, and 2006

	2010	2009	2008	2007	2006
Cash at beginning of year	\$ 7,188,770	\$ 10,459,068	\$ 9,084,570	\$ 8,837,739	\$ 9,172,337
Cash receipts:					
Sales and use taxes (net of refunds)	98,798,472	104,501,987	111,424,147	108,950,935	107,065,088
Hotel/motel taxes	1,449,478	1,004,198	1,114,995	957,468	845,567
Occupational license (net of refunds)	1,400,388	1,453,022	1,417,015	1,376,274	1,276,927
Miscellaneous:					
Interest	4,510	5,252	56,140	147,846	153,261
Other	9,789	16,926	10,351	16,200	8,445
Total cash receipts	101,662,637	106,981,385	114,022,648	111,448,723	109,349,288
Total cash available	108,851,407	117,440,453	123,107,218	120,286,462	118,521,625
Cash disbursements:					
Distributions to other governmental units:					
- Terrebonne Parish School Board	44,697,808	49,394,294	50,523,925	49,953,252	49,459,453
Terrebonne Parish Consolidated Government	31,733,302	34,973,724	35,717,038	35,310,247	34,869,278
Terrebonne Parish Sheriff	10,727,474	11,854,604	12,125,742	11,988,547	11,868,675
Terrebonne Parish Consolidated Government - Library	5,363,737	5,926,963	6,062,871	5,993,982	5,932,171
Terrebonne Parish Consolidated Government - Levee District	5,344,077	5,865,939	6,031,490	5,954,385	5,866,258
Houma Area Convention & Visitors Bureau	1,365,680	1,017,471	1,046,033	932,133	823,239
Distributions to the General Fund	1,145,395	1,213,128	1,138,444	1,066,919	860,042
Miscellaneous	6,906	5,560	2,607	2,427	4,770
Total cash disbursements	100,384,379	110,251,683	112,648,150	111,201,892	109,683,886
Cash at end of year	\$ 8,467,028	\$ 7,188,770	\$ 10,459,068	\$ 9,084,570	\$ 8,837,739



**SCHEDULE OF GOVERNMENTAL FUND EXPENDITURES****Terrebonne Parish Sales and Use Tax Department**

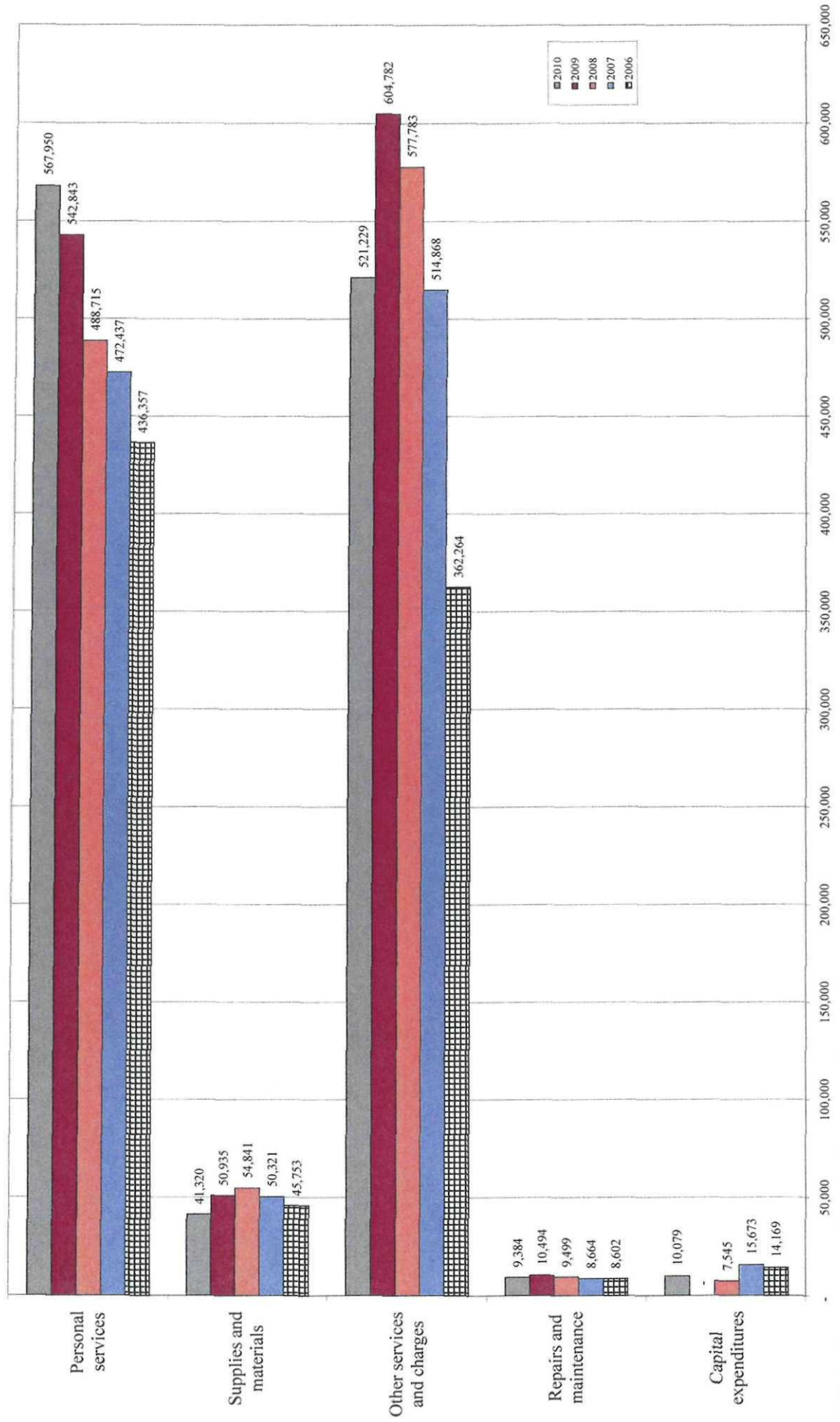
For the years ending December 31, 2010, 2009, 2008, 2007, and 2006

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Expenditures - General Government</b>					
Personal services:					
Salaries and wages	\$ 357,689	\$ 352,116	\$ 322,126	\$ 311,760	\$ 289,268
Payroll taxes	25,421	25,035	23,909	22,200	20,551
Employee benefits	184,840	165,692	142,680	138,477	126,538
Total personal services	<u>567,950</u>	<u>542,843</u>	<u>488,715</u>	<u>472,437</u>	<u>436,357</u>
Supplies and materials	<u>41,320</u>	<u>50,935</u>	<u>54,841</u>	<u>50,321</u>	<u>45,753</u>
Other services and charges:					
Auditing services	376,033	458,660	468,777	423,384	258,450
Auto and travel	5,198	7,188	5,631	6,861	4,550
Insurance	27,882	26,946	17,294	12,127	13,853
Legal fees:					
Attorneys	39,841	31,648	31,520	31,013	32,857
Attorney fee revenue	(2,696)	(11,579)	(7,079)	(14,112)	(3,572)
Office machine rentals	12,703	10,792	14,193	13,368	12,537
Software technology services	10,604	33,933	-	-	-
Office rent	34,494	29,100	29,100	29,100	29,100
Other	11,611	11,973	9,894	3,210	4,029
Telephone	5,559	6,121	8,453	9,917	10,460
Total other services and charges	<u>521,229</u>	<u>604,782</u>	<u>577,783</u>	<u>514,868</u>	<u>362,264</u>
Repairs and maintenance	<u>9,384</u>	<u>10,494</u>	<u>9,499</u>	<u>8,664</u>	<u>8,602</u>
Capital expenditures	<u>10,079</u>	<u>-</u>	<u>7,545</u>	<u>15,673</u>	<u>14,169</u>
Total general government	<u>\$ 1,149,962</u>	<u>\$ 1,209,054</u>	<u>\$ 1,138,383</u>	<u>\$ 1,061,963</u>	<u>\$ 867,145</u>

# GOVERNMENTAL FUND EXPENDITURES

## Terrebonne Parish Sales and Use Tax Department

For the years ended 2010, 2009, 2008, 2007, and 2006.



**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Sales and Use Tax Advisory Board,  
Terrebonne Parish Sales and Use Tax Department,  
Houma, Louisiana.

We have audited the financial statements of the governmental activities, the General Fund and the Fiduciary Fund of the Terrebonne Parish Sales and Use Tax Department (the Department), State of Louisiana, a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2010, which collectively comprise, the Department's financial statements and have issued our report thereon dated April 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Department's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Advisory Board, management, the Legislative Auditor for the State of Louisiana and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
April 25, 2011.

## **SCHEDULE OF FINDINGS AND RESPONSES**

### **Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2010

#### **Section I Summary of Auditor's Results**

##### **a) Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                    ☐ yes        ☒ no
- Significant deficiency(ies) identified that are not  
  considered to be material weaknesses?                    ☐ yes        ☒ none reported

Noncompliance material to financial statements noted?   ☐ yes        ☒ no

##### **b) Federal Awards**

Terrebonne Parish Sales and Use Tax Department did not expend federal awards during the year ended December 31, 2010.

#### **Section II Financial Statement Findings**

No financial statement findings were noted during the audit for the year ended December 31, 2010.

#### **Section III Federal Award Findings and Questioned Costs**

Not applicable.

## **REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

### **Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2010

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 2009.  
No significant deficiencies were reported during the audit for the year ended December 31, 2009.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2009.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Sales and Use Tax Department did not expend federal awards during the year ended December 31, 2009.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2009.



## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

### **Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2010

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 2010.  
No significant deficiency(ies) were reported during the audit for the year ended December 31, 2010.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2010.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Sales and Use Tax Department did not expend federal awards during the year ended December 31, 2010.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2010.